

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

DOCKET NO. VGOB-00/0516-0815

ELECTIONS, UNIT: VC-1853

(hereinafter "Subject Drilling Unit")

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on September 7, 2000 and recorded at Book 514, Page 096 in the Office of the Clerk of Circuit Court, Russell County, Virginia on September 7, 2000 (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.
2. Findings: The Board finds that:
 - (a) The Board Order directed Equitable Production Company, (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;
 - (b) The designated operator filed its affidavit of mailing dated September 18, 2000, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;
 - (c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated December 13, 2000, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i)

*mailed
to SR
12/28*

12/09/02 14:07:30
PROGRAM: PRV616

Address Book Number: 109429 VC 2835

Equitable Production Company
Check Register Report

Page 1

<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>
35058	12/23/98	15.58
367039	8/31/99	25.14
399242	6/28/00	25.76
434258	12/22/00	24.37
446523	4/25/01	25.37
451846	11/30/01	25.95
464233	12/21/01	3.87
TOTAL AMOUNT		146.04

8/4/05

Talked w/ Mr. Kaiser
need rev. supp. showing
all parties to be
escrowed (Tract 2)
Sun Breeding - Kaiser has

Diane

Called
Susan
4/17/06

1 drilling rights within this unit?

2 A. It does.

3 JIM KISER: Mr. Chairman, we'd again ask that the
4 testimony regarding the election options be incorporated.

5 BENNY WAMPLER: They will be incorporated.

6 Q. Now, Mr. Hall, I believe we have some
7 conflicting claimants in this unit?

8 A. Yes.

9 Q. And some unknown interest owners?

10 A. Yes.

11 Q. Therefore we would ask that the Board
12 establish a escrow account for this well under which both the
13 conflicting claimant interest and the unknown interest could
14 be paid?

15 A. That's correct.

16 Q. And who should be named the operator under
17 any force pooling order?

18 A. Equitable Production Company.

19 JIM KISER: Nothing further of this witness at this
20 time, Mr. Chairman.

21 BENNY WAMPLER: Any questions from members of the
22 Board of this witness?

23 (No audible response.)

24 BENNY WAMPLER: Call your next witness.

25

1 A. That's correct.

2 Q. And the percentage of the gas estate that
3 remains unleased is 0.967213?

4 A. That's correct.

5 Q. The coal estate is a 100% leased?

6 A. That's correct.

7 Q. Now, are the addresses set out in Exhibit B
8 to the application, the last known addresses for any
9 respondents?

10 A. It is.

11 Q. Are you requesting this Board to force pool
12 all unleased interest as listed in this revised Exhibit B
13 dated June the 15th of 2000?

14 A. Yes.

15 Q. Now, are you familiar with the fair market
16 value of drilling rights in the unit here and in the
17 surrounding area?

18 A. Yes.

19 Q. Could you again advise the Board as to what
20 those are?

21 A. A \$5...\$5 bonus, a five year term and a one-
22 eighth royalty.

23 Q. In your professional opinion, do the terms
24 you have just testified to represent the fair market value of
25 and the fair and reasonable compensation to be paid for

sent 10/1/01
Riggs

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EQUITABLE PRODUCTION COMPANY
AUTHORIZATION FOR EXPENDITURE
DRILLING PROJECT

AFE DATE: 05/09/00

AFE GENERATOR: Martin Puskar

AFE#:

County: Russell State: VA
District: BSG Field: Nora Vertical well

Well: VC-1853

Zones Completed: Coals
Project Start Date: 2000
Contractor: UDI Amt - 8 5/8" Surf 606
Total Depth: 2156 Amt - 7" Inter. 0
Rate - \$/Ft: \$12.80
Amount Pipeline: 3" 1925 4"

OPERATIONAL APPROVAL:

JSC Signature: _____ Position: _____

Date: _____

AFE CODES		INTANGIBLES	ESTIMATED COSTS			SUBSIDIARY WI
LEVEL 2	LEVEL 3				TOTAL	1
IDC - DRILLING			DRY HOLE	COMPLETION	COMPLETED WELL	NET TOTAL COST
1610	10020	ASSIGNMENTS				
1620	10010	CONTRACT FOOTAGE	\$27,600		\$27,600	\$27,600
1620	10011	TURNKEY CONTRACTOR PRICING	\$0		\$0	\$0
1620	10020	DAYWORK	\$1,000		\$1,000	\$1,000
1620	10030	CONTRACTOR SETUP	\$0		\$0	\$0
1620	10049	LEGAL SERVICES, TITLE CURATIVE, ABSTRACTS, PRE-DRILLING LITIGATION	\$4,500		\$4,500	\$4,500
1620	10061	GPS, SURVEY, WELL PLAT, PERMITS, BONDS	\$8,000		\$8,000	\$8,000
1620	10075	DIRECTIONAL SERVICE AND TOOLS/ DIRECTIONAL SURVEYS, SIDETRACKING	\$0		\$0	\$0
1620	10092	LOCATION PREPARATION, TREE CUTTING, FORESTER, TREE APPRAISALS	\$1,000		\$1,000	\$1,000
1620	10093	LOCATION PIT LINERS	\$2,000		\$2,000	\$2,000
1620	10094	LOCATION CONSTRUCTION, DOZER WORK, EXCAVATION & BLASTING	\$7,000		\$7,000	\$7,000
1620	10096	ROCKING, CULVERTS & STONE LOCATION CONSTRUCTION,	\$2,000		\$2,000	\$2,000
1620	10111	PIT TREATMENT/RESTORATION/GATES	\$5,000		\$5,000	\$5,000
1620	10130	DRILLING MUD & CHEMICALS	\$0		\$0	\$0
1620	10141	BITS, REAMERS, STABILIZERS, HAMMERS	\$0		\$0	\$0
1620	10170	DRILLING WATER	\$1,000		\$1,000	\$1,000
1620	10180	OPEN HOLE LOGGING	\$3,400		\$3,400	\$3,400
1620	10201	SPECIAL LOGGING, SCIENCE, MUD LOG, CORING & CORE ANALYSIS	\$0		\$0	\$0
1620	10222	WELL TESTING, DST & PRODUCTION TESTING	\$0		\$0	\$0
1620	10229	CEMENTING - CONDUCTOR / COAL STRING	\$0		\$0	\$0
1620	10231	CEMENTING - SURFACE CASING (INCL FLOAT EQUIP)	\$4,000		\$4,000	\$4,000
1620	10241	CEMENTING - INTERMEDIATE CASING (INCL FLOAT EQUIP)	\$0		\$0	\$0
1620	10251	WELL KILLING, MISC. PUMPING, MISC CEMENTING-DRILLING OPERATIONS	\$0		\$0	\$0
1620	10281	SPECIAL DRILLING TOOLS, RENTAL & SERVICES, POWER TONGS	\$0		\$0	\$0
1620	10299	TRANSPORTATION/TRUCKING COSTS (CASINGS & MATERIALS)-DRILLING	\$0		\$0	\$0
1620	10310	FISHING EXPENSES	\$0		\$0	\$0
1620	10333	P & A COSTS INCLUDING RIG TIME, MISC COSTS AND CEMENT	\$0		\$0	\$0
1620	10341	SURFACE DAMAGES, LOCATION AND PIPELINE	\$0		\$0	\$0
1620	10699	GEOLOGY SUPERVISION, ETC.	\$0		\$0	\$0
1620	10720	OPERATOR OVERHEAD	\$4,000		\$4,000	\$4,000
1620	10731	CONSULTING SERVICES RIG SUPERVISION	\$0		\$0	\$0
1620	10751	CONTINGENCY, OTHER, MISCELLANEOUS DRILLING OPERATIONS	\$500		\$500	\$500
1620	10733	LAND CONTRACTOR COSTS	\$0		\$0	\$0
IDC - COMPLETION						
1630	20011	DAYWORK COMPLETION OPERATIONS		\$0	\$0	\$0
1630	20021	SERVICE RIG / COILED TUBING & ASSOCIATED COSTS/PER DIEM		\$2,500	\$2,500	\$2,500
1630	20071	PERFORATING, CASED HOLE LOGS		\$2,300	\$2,300	\$2,300
1630	20101	CEMENTING - PROD. CASING (FLOAT EQUIP & BAFFLE)		\$6,800	\$6,800	\$6,800
1630	20122	SERVICE COMPANY, NITROGEN, ACID, FRAC SERVICES		\$25,000	\$25,000	\$25,000
1630	20131	SQUEEZE, MISC. CEMENTING & PUMPING COMPLETION OPERATIONS		\$0	\$0	\$0
1630	20141	TANKS/PITS/DOZER-COMPLETION OPERATIONS		\$4,000	\$4,000	\$4,000
1630	20151	PIPELINE CONSTRUCTION & RECLAMATION		\$8,720	\$8,720	\$8,720
1630	20161	WATER HAULING IN-COMPLETION OPERATIONS		\$1,000	\$1,000	\$1,000
1630	20202	WELLHEAD TIE IN. LABOR, ETC.		\$3,000	\$3,000	\$3,000
1630	20215	DRILLING/FRAC FLUID DISPOSAL		\$1,000	\$1,000	\$1,000
				\$0	\$0	\$0
				\$1,000	\$1,000	\$1,000